HUMAN EVENTS

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Mr. Modern Republican Testifies: Sherman Adams — known in Washington as the "high priest of Modern Republicanism" — glacially performed a pagan rite of cleansing himself before the House Subcommittee on Legislative Oversight, then settled back again in his high seat in the White House. According to Ike, he will remain there.

But members of the strange cult of Modern Republicanism are squirming (even if Sherm isn't) as the press throws at them the words of Ike in his press conference of May 4, 1956:

"If anyone ever comes to any part of this Government and claiming some privilege for even to as low as an introduction to an official he wants to meet on the basis that he is part of my family or of my friends, that he has any connection with the White House, he is to be thrown out instantly . . . I can't believe that anybody on my staff would ever be guilty of an indiscretion. But if ever anything came to my attention of that kind, any part of this Government, that individual would be gone."

Despite this historic declaration, and despite the fact that Meade Alcorn, GOP National Chairman, reportedly writhes as he studies the scandal's effects on voters who will go to the polls next November, Adams remains. Modern and conservative Republicans alike — Senators Thye, Purtell, Potter, Goldwater, Williams — denounce Adams. They are all up for re-election in November.

It is observed that the conservative members of Congress in both House and Senate are the least worried; they have right along washed their hands of responsibility for what the White House does and have not "ridden coattails." Their constituents know that. Their stand looms as the hope for reconstruction of the GOP, after the rubble of Modern Republicanism is cleared away.

Yet Adams stays on. This despite the ugly implications behind the questioning of newspapermen. For example: "Is it fair to assume that hereafter other Government employees may accept gifts from interested parties since the President feels that Adams did nothing improper?" (Press Secretary Hagerty refused to answer.)

As a matter of fact, newsies have started wondering, as follows: if the "boss," Adams, has been doing this sort of thing, perhaps others of the White House Palace Guard have been doing the same. Such speculation is not confined to the press; there are rumors that the Congressional investigators plan still further probes; names are mentioned . . .

Conservatives on the Hill, meanwhile, ponder the character of Modern Republicanism (they associate the present Adams affair with the corruption of Indiana Modern Republicanism under Governor Craig) and contrast it with the tone of the White House under another Republican regime, despised by the present GOP "liberals."

A former White House aide who served under President Hoover gave in a nutshell the policy of that Administration: no gifts save turkeys on Thanksgiving; no salary for the President; no appointments made in connection with cases (those seeking such were referred to the Attorney General, the prosecutor of the cases).

Of course, it now comes out that the ineffable Mr. Goldfine had a rather catholic taste in politicos. As foreshadowed in these columns, the press now reports that Goldfine was involved with (Northern) Democrats, too. Another of Goldfine's friends, as HUMAN EVENTS was the first to disclose, was Democratic Governor Foster Furcolo of Massachusetts. Testimony revealed, moreover, that Goldfine loaned $400,000 to the Boston *Post* in 1952 (when that paper was teetering between support of Republicans and Democrats) at the instance of Governor Paul Dever.

The next day, after the loan was arranged, the Post *came out on behalf of two Democrats — Dever for Governor, and John F. Kennedy for Senator. Whether this episode will affect Kennedy's chances for the Democratic Presidential nomination in 1960 is a matter of debate among politicos in Washington. (Confidential information from Boston, incidentally, has it that Goldfine is a Democrat, votes Democratic.)*

● Meanwhile, the shadow of "vested interests" looms darkly over the Capital. Veterans here compare the unwholesome atmosphere with that existing during the days of the oil scandals of the 'Twenties. Today, two lobbies press hard on members of Congress: (1) the labor union lobby (see "Labor Bill" item, below); and (2) what is known as the "Alaska statehood lobby."

The latter is "smelled" rather than analyzed in detail. That a lot of money is being spent is apparent to many members of Congress; they think the cash emanates from a well-heeled firm on Madison Avenue. A flow of books, pamphlets and all sorts of publicity in favor of statehood for that territory is noticeable. Also, the White House supports the measure. Members claim that a combination of lumber, fisheries and mineral interests, hoping to profit from the granting of Alaskan statehood, have thrown their weight behind the bill. (It is recalled that Sherman Adams was once a lobbyist for New England lumber interests.) The legislation faces heavy opposition in the Senate from Southern Democrats, led by Senator Strom Thurmond of South Carolina.

● Indicative of the reaction to the Adams affair in this politically sophisticated city: the local press prints long lists of gifts received by the President himself. Even dyed-in-the-wool Republicans remark critically that no President in this century has received so many gifts as Ike.

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Post-Mortem: The discrediting of Sherman Adams has given no little satisfaction to Republican conservatives in Washington, for they interpret the Adams affair as the climactic discrediting of the whole system of Modern Republican "me-tooism."

They note that Adams was the principal agent in the effort to remove from the scene the man who now (see the latest Gallup polls) stands as the most popular political figure in the country — Richard M. Nixon. Adams tried to ditch Nixon from the ticket in October, 1952, in the midst of the Presidential campaign. He was part of the cabal in the White House seeking to prevent Nixon's re-nomination in 1956.

Adams — they go on — was the first state leader to inflict a defeat on Senator Robert A. Taft, when Taft lost the primary in New Hampshire in the spring of 1952. This came after a savage attack on Taft by Adams, then Governor of that state. Later, at the GOP convention in Chicago, Adams was floor leader for Eisenhower when the Ike forces accused Taft of "stealing" Southern votes (actually, the Ikemen were "stealing" those votes themselves). Today, admirers of Taft — who had an unblemished record for honesty and integrity — dwell on this episode.

Finally, Adams stood out as an exponent of "me-tooism," later called "Modern Republicanism." The slogan of this crowd in their drive to put over Eisenhower as GOP nominee was "Taft can't win" — a subtly packaged dose of political immorality which stressed the need to abandon GOP principles in an attempt to corral votes. This "me-too" approach, it is felt, is a significant gloss to the present "mess" — since it showed at the outset how great an emphasis Adams & Co. placed on the purely expedient.

How long is the step — ask critics of "me-tooism" — from subverting party integrity in a quest for opposition votes, to "imprudent" gift taking at the highest levels of Government?

● Apart from its immorality, another aspect of the Madison Avenue campaign on the "Taft can't win" theme now comes to light. A vividly remembered aspect of the 1948 and 1952 struggles for the GOP nomination was the stress laid by "me-too" zealots on the claims of Democrats that they — the Democrats — wanted Taft as the GOP candidate, because "he would be easy to beat."

Evidence from Democrats is now forthcoming which suggests that the Modern Republicans gullibly swallowed a shrewd political stratagem, devised by Democratic party tacticians to prevent Taft's nomination. *Inside the Democratic Party*, just published by Bobbs-Merrill ($4.50), a book by Jack Redding, contains the evidence. Redding, in 1948, was Publicity Director of the Democratic National Committee, and, together with Gael Sullivan and former Postmaster General Bob Hannegan, served as an architect of the victorious Democratic strategy which re-elected Truman.

Redding describes a conference in Democratic Headquarters early in '48 with Sullivan and Hannegan: " 'It'll be Dewey again,' said Hannegan. 'But Dewey will have to run on what Taft does in Congress. Actually, if the Republicans were smart, they'd run Taft. He'd make a better candidate and would probably be harder for us to beat simply because he would fight harder.

" 'Don't make the mistake of underrating Taft. Many people think he'd be easy to beat. But that's because they see in his nomination the simple matter of a clear division between the parties. The fact is that Taft is a fighter and will make a terrific fight for what he represents. Dewey will be "me-too" all over again. He'll tend to beat himself.' "

Redding goes on to say: "Afterward I was often asked by newsmen, when we had hit particularly hard at Taft: 'Why? He's Mr. Republican. He'd be the easiest man to beat.' " Truman repeated this tricky remark in 1948 and again in early 1952, before Ike's nomination. And the "me-too" Republicans fell for it.

California Story: In the Capital, it is assumed that Senator Knowland — to recoup his setback in the recent primary — will have to streamline his campaign organization in close cooperation with the California Right-to-Work referendum movement. The emergence of thousands of militant workers for this cause (who put over the successful signing of the petition for a referendum) is regarded as a godsend to the Senator.

Our California correspondent reports on developments there as follows:

Knowland met with his campaign committee in San Jose, June 14-15, to hold a post-mortem on the primary campaign and to lay plans for the election in November. When he spoke to the committee, his force and fire rose above his listeners as a phoenix. Except for that there was nothing else to catch the eye, save the glow of a right-to-work coal still burning in the ashes of his June 3 primary setback. Knowland said there was to be no radical shakeup in his committee. He said this even while saying goodbye to his statewide "coordinator."

All observers present agreed that some sort of shakeup is necessary. If Knowland is as determined to win this election as he is determined in all matters, the shakeup is inevitable. For his organization as it now stands is temperamentally unfitted for the coming fight. To employ these bland relics of the "liberal" Warren and Knight regimes in the gubernatorial fight — in view of the tenor of the times, which demands the right to work — is like trying to whip batter with a feather.

While the committee was meeting at San Jose, others were receiving thanks for a job well done. These were the Right-to-Workers, who have just completed a monumental task, the gathering of more than a half-million signatures to qualify their initiative for the November referendum ballot. Thousands upon thousands of conservative Californians joined in this crusade, while those — the bland committeemen — whose duty it was to crusade for Knowland sat on their hands.

In San Francisco, it is felt that Knowland's problem has but one solution: he and the Right-to-Workers must be brought together in a tight, hard-hitting campaign organization.

Curbing the Court: In view of the fact that the "liberal" Democratic leadership has blocked a showdown vote on the Jenner-Butler bill to curb the Supreme Court, conservatives on Capitol Hill are rallying to the support of HR 3, introduced by Representative "Judge" Howard Smith (D.-Va.). This is a measure designed to offset the consequences of some of the Supreme Court's recent decisions, which have

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the effect of advancing "liberal" welfare state nostrums and of protecting Communists and fellow travellers, as well as criminals.

The rallying has reason: Judge Smith's bill has been favorably reported out by the House Judiciary Committee and the House Rules Committee and is cleared for action on the House floor — a situation which, unfortunately for conservatives, does not exist in the Senate with regard to the Jenner-Butler bill. Those who count heads in the House say the Smith bill has the votes to pass.

Thus "curbing the Court" does stand a chance this session, if constituents throughout the country rally to support of HR 3 and let their Members of Congress know their sentiments.

HR 3 would amend the United States Code by adding the following new section: "Pre-emption — Federal and State statutes" — "No Act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such Act operates, to the exclusion of all state laws on the same subject matter, unless such Act contains an express provision to that effect, or unless there is a direct and positive conflict between such Act and a state law so that the two cannot be reconciled or consistently stand together."

The Smith bill would thus correct such Supreme Court decisions as that handed down in the *Nelson* case, in which the Court ruled that the notorious Communist, Steve Nelson, was not subject to the sedition law of the State of Pennsylvania because the Federal Government, by passage of the Smith (anti-subversion) Act of 1940, had "pre-empted the field." It would also involve the laws on kipnapping, narcotics and labor relations, to name a few affected areas.

It is significant that Americans for Democratic Action (ADA), the NAACP and the AFL-CIO strenuously oppose the Smith bill. Supporting it are the Women's Patriotic Conference on National Defense, the NAM, the National Association of State Attorneys General, the 48th Annual Governors Conference, the American Bar Association and the American Farm Bureau.

Labor Bill: Senator Barry Goldwater (R.-Ariz.) accurately described the labor bill passed by the Senate as a fraud and a "sweetheart" measure, failing utterly to impose even moderate restraints on the union bosses. So runs the judgment of those on Capitol Hill who followed the measure closely in all its intricate details and amendments. They make the following points:

(1) The bill, in its Title VI, actually weakens the Taft-Hartley Act in a number of rather important respects.

(2) Although Senators McClellan and Kennedy wrote and signed the reports and recommendations based on a year's findings of their famous Labor Rackets Committee, they did not see fit to back legislation for three of their own important recommendations: (a) to treat union funds as legal trusts and fiduciaries; (b) to permit the states to exercise jurisdiction in labor matters when the National Labor Relations Board does not assert jurisdiction; and (c) to insure secret ballots by union members on "vital union decisions" (such as changing constitutions or by-laws, *etc.*).

It was considered significant that the union labor lobby (which dominated the proceedings) succeeded in defeating an amendment offered by Senator Karl Mundt (R.-S.D.) which would have insured clean union election balloting.

During the debate the labor lobby, headed by former Congressman Biemiller, brazenly established itself in the Democratic-controlled Senate Labor Committee rooms, and gave "advice" on altering and modifying the various amendments offered on the floor.

What they did — in the words of one labor expert — was to pull the teeth from every firmly conceived amendment or sanction introduced, usually replacing it with some regulation which could easily be nullified in practice by union organizations. Primarily, the bill imposes penalties for "failure to report," *etc.* Where the bill seems to impose drastic penalties, it is often sheer headline grabbing. For example, it imposes sanctions against embezzlement of union funds; yet every state in the Union already has laws to convict and punish embezzlers of whatever kind.

Federal Aid: *National Aid to Higher Education,* a report recently released by the American Enterprise Association (1012 14th Street, NW, Washington 5, D.C., price $1), finds "good alternatives short of National Government aid" for financing higher education. The authors, Dr. George C. S. Benson and John M. Payne, show that per capita expenditures on higher education have been rising at such a rate that they will continue to meet educational needs at the college level.

The study suggests several methods by which the Federal Government could help higher education, without the controls which would inevitably follow direct Federal aid. It suggests that: (1) the Federal Government could grant income-tax exemptions for tuitions and fees; (2) exemptions given for dependents attending college could be increased; (3) special exemptions might be allowed donors who make major capital gifts to help college building programs; (4) students paying for their own education could be exempted from the Federal income tax; or (5) students who borrow to finance their college education might be permitted a deduction in later years for the earnings out of which they repay the loans.

● Another report which goes far toward proving that Federal aid to higher education is unnecessary is *Voluntary Support of America's Colleges and Universities* (available from the Council for Financial Aid to Education, Inc., 6 East 45th Street, New York 17, N.Y., price $1.50).

This comprehensive study finds that "a sharp rise in the voluntary support given to America's colleges and universities — from $336 million reported by 728 institutions in 1955 to nearly $833 million reported by 910 in 1957 — gives proof that individual contributors and organizations all over the country are assuming more and more responsibility for the financial support of these institutions."

"In view of the rapidly rising total of voluntary contributions," the report concludes, "it seems a reasonable conjecture that American higher education will be given the tools to do the job the Nation depends upon it to do."

Cultural Exchanges: Noted with irony in the Capital are the uses being made of so-called "cultural exchanges" between America and the Soviet Union. Last month, for example, when pianist Van Cliburn (who recently won

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the Tchaikovsky piano contest in Moscow) played in Constitution Hall, his "cultural" relations with the Communists were turned to neat propaganda advantage by the Reds.

The Soviet conductor travelling with Cliburn opened the program by striking up the US National Anthem, which brought the audience to its feet. Then, the crowd suddenly found itself standing in tribute to a Red hymn vowing the violent destruction of the free world, the Soviet national anthem. *The lyrics of the Soviet anthem exhort: "Flag of the Soviets, peoples' flag flying/Lead us from victory to victory on"; and, with implacable arrogance, they announce to the world: "in combat the fate of the future we settle."*

Thus the American audiences standing to hear this song are paying homage to Red plans for their own future annihilation!

● Yet another example of how "cultural exchanges" serve the purposes of Red propaganda transpired recently at an elementary school in Long Island. Parents were shocked when their children returned from Berry Hill Grade School singing the Russian marching song, "Moscow." The last stanza of this song reads:

We'll shout aloud for we are proud/Our power is invincible/We'll ne'er disband, we'll always stand/Together for dear Moscow's land.

The music teacher who had taught the children this song parried parental outcries with an appeal to "cultural exchange" ethics. The protests, he thought, were "ironic" — especially at a time when "we are trying to establish international cultural exchanges, when the Moiseyev Dancers are taking this country by storm and when Van Cliburn, after his triumph in Moscow, is being acclaimed here for his playing of Russian music. . ."

An American guest conductor of the culturally exchanged Moiseyev ballet was questioned last week by the House Committee on Un-American Activities. Asked whether he was a Communist, the conductor, one Arthur Lief, refused to answer, on grounds of possible self-incrimination. He also refused to say whether he had discussed his possible Communist party membership with the impresario who hired him, whether Communists had helped him get the job, whether any of the other Americans working with the ballet were Communists, and whether he attended meetings with the Russians concerning matters other than music.

● A final note on "cultural exchanges" concerns the Soviet murder, disclosed last week, of Premier Imre Nagy and General Pal Maleter of Hungary. Secretary of State Dulles, informed of the double killing, murmured "tragic, tragic." He then returned to his seat in the Loew's Capitol Theater to catch the last half of the Moiseyev ballet's opening performance in the Capital.

Brussels Fair: A row that broke in the White House last week confirms a warning conveyed by HUMAN EVENTS over two months ago, concerning the international fair being staged in Brussels, Belgium. The storm came when Senator Styles Bridges (R.-N.H.), conferring with other GOP leaders at the White House, read to President Eisenhower a businessman's report of what he saw at Brussels. The businessman's disclosure that "the exhibit was bewildering and completely unlike the America we know" so angered the President, Bridges said, that USIA Director George V. Allen was immediately dispatched to Brussels to check up on the complaint.

The burden of the report was identical to the warning contained in the HUMAN EVENTS article for April 14, 1958, "Bureaucrats and the Brussels Fair," by Dillard Stokes. In that article it was disclosed that the State Department had choked off participation in the US exhibit by American industry, and had instead turned the project over to the supposedly more "cultural" bureaucracy. The result: "the greatest technology in the world will show a few models, a dozen propaganda movies cooked up for the purpose, a chaos of mockups, displays on Slum Clearance and Race Relations."

The letter read by Bridges to President Eisenhower confirmed in considerable detail the abysmal failure of our entry: "Nowhere is there an exhibit of our industrial achievements." And, it added, "no exhibit shows how we tax ourselves to help the other people of the world."

Jenner: Friends and colleagues of Senator William E. Jenner (R.-Ind.) — long-time foe of communism and outspoken champion of free enterprise — will pay tribute to the retiring statesman at a testimonial dinner in Washington, July 10. The dinner will be given in the Sheraton Hall of the Sheraton Park Hotel, where 100 rooms have been reserved for out-of-town guests. Tickets will cost $10, and may be obtained from: Testimonial Dinner for Senator William E. Jenner, Room 104-C, Sheraton Park Hotel, Washington, D.C.

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Article Section *Printed in Two Sections*

BREAKING THE WAGE-PRICE SPIRAL

Why the Present Recession Bears a Union Label

By WILLIAM A. MCDONNELL

President, US Chamber of Commerce

MANY PEOPLE are waking up to the fact that there is a union label sewed into the lining of the present recession. A part of our economic difficulty seems to be that there is no clear understanding of the problem of wages, prices and money.

One would think that anything which has such common usage as money, and with which everyone is so familiar, would be thoroughly and universally understood. Yet there is actually more ignorance and misunderstanding about money than there is about anything else that is a part of our everyday life. The commonest misconception was labeled "the money illusion" by Professor Irving Fisher of Yale, some years ago. He described it like this: "We simply take it for granted that a 'dollar is a dollar,' and that a 'franc is a franc,' and that all money is stable—just as centuries ago, before Copernicus, people took it for granted that this earth was stationary."

This illusion about money manifests itself in many current public utterances and legislative proposals. Behind most of these is the assumption that, as a Nation, we can have everything we want — guns and butter, subsidies and social welfare — by the simple expedient of spending more money. This takes no account of the fact that achievement is the result of effort — human sweat and toil — and not a matter of spreading dollar signs across sheets of paper.

The helter-skelter expenditure of hard-earned money demoralizes organized productive effort. The result is inflation and frustrated plans. Bigger dollar totals mean something only when inflation is avoided. Many of us can remember Germany's astronomical inflation budget in 1923 — and there was hardly a weaker nation in the world at that time.

Anyone who implies that "money is no object" when the national well-being is at stake must care very little for the misery such a policy would bring upon the defenseless millions who have placed their faith in the integrity of their Government.

ANOTHER MISCONCEPTION about money is what is known as the "purchasing power theory" — the theory that production cannot be sustained at a high level because there is not enough purchasing power to take the output off the market. This ancient fallacy is taken out of mothballs, dusted off and offered by labor unions as an argument for higher wages every time we run into a recession of business activities.

Production should, and does, finance its own consumption, because for every dollar of gross receipts the enterprise is in a position to pay out a dollar for wages, raw materials, containers, power, fuel, taxes, dividends — and might have a little left over, which is spent on replacement or expansion.

Thus the firm automatically returns to the income stream its entire gross receipts. Most firms do more than that, since they also tend to go into debt, and thereby pay out more dollars than they actually take in.

It is now being argued that wage increases will cure the recession because they would increase purchasing power. The exclusive em-

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phasis on wages as a source of purchasing power is a fallacy. Everyone's purchasing power is a cost to someone else. Every increase in the wage of a worker is a cost to someone else, unless it is offset by productivity improvement.

Wage increases increase the purchasing power of those who get them; but what about the millions who do not — the farmers, the self-employed, professional people, white-collar workers, and those living on fixed incomes?

Wage increases affect only a *part* of the people, while the price increases that inevitably follow wage increases affect *everyone.* For some people, purchasing power may be increased, but for most people, it is reduced.

But the unions say prices need not be increased. Rather, they contend, all you have to do is to take the increased wage rates out of those swollen and exorbitant profits of corporations. Walter Reuther stated labor's case on this point at a recent labor convention. "We are in trouble," he said, "because big business is taking a disproportionately large share of the fruits of our developing economy. What is needed is higher take-home pay for workers and lower take-home pay for corporations."

Reuther's recipe for curing economic recessions completely omits the salt of truth. Department of Commerce figures show that the net income, after taxes, of all US corporations as a percentage of total national income has been steadily declining during the ten-year period from 1948 through 1957. In 1948, corporate net earnings were 9.2 per cent of total national income. In 1957, they were 5.9 per cent of total national income. That is a decline of more than one third. At the same time, labor income as a percentage of national income has moved upward. In 1948, it was 62 per cent. In 1957, it was 69 per cent.

The intimation in all these arguments that wage increases can be taken out of profits is that there is something wrong or evil about profits. The truth is that profits are the lifeblood of our dynamic free enterprise system. Anyone who attacks profits attacks that system.

To say that any corporation which does not enjoy a monopoly — and which is paying the same wage rates as its competitors — is making too much money, is to say that it is too efficient, that its product is too good, and that it is paying too much to the Government in the form of taxes.

If profits are squeezed, management becomes more pessimistic and may cut back further on production and payrolls and begin laying off more workers. When shadows begin to fall on the profit outlook, investment in technological improvements may be postponed or abandoned.

WE HEAR A LOT these days about what are called "administered prices." It is being said that this recession was brought on because the major corporations have "administered" the prices of their products—meaning, presumably, that they are fixed so high that people refuse to buy, sales fall off, production drops and unemployment results.

I submit that, if that is a fair description of "administered price" as the term is used by labor leaders and some politicians, then the price of union labor itself is the most glaring example of an "administered price" today, because with a surplus of labor the rates are not only held rigid, but labor leaders are actually demanding more.

The surest way to cure a recession is to get prices down, and we cannot get prices down by raising wages. When goods remain unsold, it is not because there is a deficiency of purchasing power, but because people do not use the purchasing power they have. That is evidenced by the fact that savings today are going up. The purchasing power is there but it is not being used.

It should be very clear that management has no quarrel with the rank and file of labor union

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members and has no objections to pay raises based on productivity. Everyone is entitled to a raise based on productivity. Management's difference arises with labor union bosses who take little or no account of the productivity issue.

Of course, not all labor leaders take the same position in regard to wages. There are such labor leaders as Richard J. Gray, President of the AFL-CIO Building and Construction Trades Department, who last December asked the presidents of 19 unions affiliated with the Department to join in a public declaration calling for a voluntary moratorium on pay raises. Gray asked:

"Shall we continue to strive for and obtain wage increases to compensate for — and, I might add, contribute to — the increased cost of living and inflation? If we do, will it mean tight money, more inflation, less construction and more unemployment for our people?

"To me it seems to be a question of stabilizing our wage gains and obtaining full employment through increased construction."

Unfortunately, Gray's sound recommendation was not adopted. In fact, he was almost kicked out bodily from the labor convention where he uttered these heresies, although I believe that the rank and file of labor, as opposed to labor leaders, would agree with him.

In fact, AFL-CIO president George Meany himself agrees with him, unless he has changed his mind since 1944, when, as a member of President Roosevelt's Committee on the Cost of Living, he said: "The American Federation of Labor has never agreed to the principle of basing wages on cost of living or on price inflation. The established wage policy of this country has always been based on raising wages as increases in productivity made this possible."

Such declarations show that differences of opinion at least exist within organized labor. They also suggest the question: What is really meant by the "labor movement"? Does it mean raises every year — regardless of increases in productivity? Does it mean raises every year in a recession, as well as a boom — regardless of how many million workers are unemployed?

If it means those things, then its objectives should be changed; otherwise it will break the country and destroy the free enterprise system.

Of course, the legitimate labor movement does not mean those things except in the minds of overly ambitious labor leaders vying with each other to set personal records of accomplishment without regard to the effect upon the economy of the Nation. No one wants to break the legitimate labor movement, but the practice of extorting wage increases geared to the calendar rather than to productivity must be stopped.

IN ADDITION to drives for higher wages, labor leaders are also supporting most of the more than 30 major anti-recession bills which have been introduced in Congress and whose chief effect would be to generate inflation. Most of these proposals were hastily prepared without consideration of real needs. They provide chiefly for public works projects which are likely to take a year or more to get under way. Many of the bills amount to little more than the expensive gestures which are usually made in an election year.

We know from experience that inflationary cures for unemployment are not effective. In the 1930's the Federal Government trotted out a whole battalion of make-work projects under the general banner of the purchasing power theory. We were told that, in this way, we could prime the pump of the national economy. The trouble was that the pump was never primed.

After eight years, and after some $20 billion had been borrowed and spent — dollars worth twice as much as dollars today — there were still between eight and ten million members of the labor force unemployed. And they remained unemployed until the war bailed us out.

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There is no royal, easy road out of recession if the cure is to be real instead of spurious. There are some things Government can do to help, but the cure must come primarily in the market place and not on Capitol Hill in Washington.

The best way to reverse the tide of business activity today would be for both unions and management to work toward halting the wage-price spiral which has been discouraging consumer buying. Recessions are usually solved by price reductions and any form of price rigidity tends to prolong them.

The great danger is that Government, in its anxiety to speed recovery, will use excessive medicine which would bring about inflationary pressures and an excessive boom — which, in turn, would build a subsequent contraction worse than that we have now. And so, even in the midst of recession, *our greatest long-term danger in this country is inflation.*

For an illustration, look at French money. A 1000 franc note was once worth $200 in our money. Today it is worth $2.38 at the official rate, and $2.20 at the black market rate.

If the same fate should befall the dollar — if our currency should become worth only 1/84 of what it is worth today — a suit of clothes which now sells for $100 would cost you $8,400, and any one of the so-called low-priced American cars with minimum trimmings would cost you $250,000.

I DO NOT NEED to outline what would happen to our democratic institutions under the impact of such a depreciation of the dollar. We are all familiar with what has happened in France. The Government there has changed 26 times since the end of World War II.

We are in for a stiff battle to preserve our economic system against the onrushing tide of socialistic proposals. To get at the roots of our problem, our political action cannot be of the shotgun variety aimed here at one issue, and aimed there at another. Coordinated plans, intensive effort at the city-hall level and state-legislative level, as well as at the national level, is an absolute must.

If we want to avoid a form of government which is hostile to business and businessmen, we are going to have to develop and carry out a program of effective political action. Through our local chambers of commerce, our state chambers, and the National Chamber, business is significantly equipped today to move in this direction.

We must work for legislation to curb the monopolistic power of labor unions, and to combat those specific practices which constitute abuse of union power.

We must resist inflation in whatever form it appears. In short, we must do our utmost to preserve and maintain the American system of free enterprise. To that end, the business community must consider itself a perpetual committee of ways and means.

We must understand, however, that keeping our heritage of freedom is not an easy task. It is said that as Benjamin Franklin walked out of Convention Hall in Philadelphia, after signing the new Constitution of the United States, someone asked him: "What have you given us?" Franklin replied: "A republic, sir, if you can keep it."

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